

Restoring Choice

Comments on:

**Restoring Elected Community Representation To Community
Health Centre Boards
Consultation Paper**

January 2000

Co-operative Federation of Victoria Ltd

As a Federation of member-owned and democratically-elected co-operatives, the Co-operative Federation of Victoria Ltd supports the initiative to “restoring elected community representation to community health centre boards.”

There are three attachments to this submission:

- CFV Ltd Mission and Objectives
- ICA Statement on the Co-operative Identity
- CFV Ltd Membership As at 30 June 1999

This brief submission comments on the consultation paper with a bias towards other issues or suggestions relating to governance – and not just the two models identified in the consultation paper.

The two models tend to limit the scope for submissions and a number of significant issues are under-stated. The consultation paper also does not provide significant information on existing Community Health Centres such as the composition of existing boards, the skills and qualifications of these boards and existing membership criteria and numbers.

This submission argues that there are Australian and overseas precedents for health co-operatives (p 2), that CHC's should have the option of choosing a co-operative structure (p 3), that the issue of membership (p 3 – 4) is critical and that the options should be considered in terms of stakeholders (p 4).

Co-operative Precedents

It is noted in the Background on p 2 that Community Health Centre's provide a community-based response to the particular health and well-being needs of communities. This impetus for Community Health Centres is common to the establishment and development of co-operatives – individuals and their communities forming co-operatives to meet their mutual needs. Indeed, in Saskatchewan, Canada, Community Health Centres have voluntarily adopted the co-operative structure. There are also precedents for health co-operatives in Australia with the bush nursing centres and hospitals, friendly societies, the South Kingsville Health Services Co-operative Ltd and co-operative hospitals in New South Wales and Victoria.

Legal Options

The Background also notes that: “The Associations Incorporation Act 1981 provides the legal structure under which CHCs operate.” This is stated as a given without discussion as to why Community Health Centres are forced to incorporate as associations and the consequence of this imposition on the Centres governance and autonomy. Individuals and their communities should have the option of incorporating as co-operatives but not required to incorporate as co-operatives. Restoring choice to Community Health Centres through elected boards should be extended to introducing choice about the legal structure. Community Health Centres should have the option of registration under the Co-operatives Act if this is their preference. This would be consistent with National Competition Policy and, in particular, competitive neutrality. Competitive neutrality is abrogated when CHCs have no choice about their legal structure.

It is noted on p 4: “From their inception CHCs have had a long history of consumer and community involvement. This ranges from empowering consumers to be active participants in their care, participation in the governing of centres as board members, fund raising and volunteer work.” Similarly, co-operatives share a long history of consumer and community involvement but with a clear and explicit co-operative philosophy, principles and practice.

The historical membership of Community Health Centres has been low, even among users of the Centres.

Membership

Another issue that needs further consideration is the question of membership of CHCs – who will be members and what will be the eligibility for membership. The membership of co-operatives, for instance, is based on user-owners.

While there is reference to members, there is no discussion of what this means in the context of CHCs. On p 5 reference is made that catchment areas will not be restored as the basis for membership eligibility. In the absence of an explanation to the contrary, this implies that membership will not be geographically based but open to anyone interested in becoming a member. It is not clear whether this is the intention of the statement.

It is the co-operative experience that for membership to be meaningful this requires the membership to be active and the need, therefore, for an active membership criteria. Active membership implies user-members i.e. the members of a Community Health Centre are those individuals who use the services of the Centre. If members can be either active or inactive members of a CHC, then, this will invariably generate structural tensions. It is suggested on p 5 that individuals will register as members. This is not the same as a meaningful basis for active membership. It will also be necessary to consider whether membership will be restricted to individuals or include corporations.

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The advantages and disadvantages discussed for the two options, or other options, are critically influenced by whether or not there is a meaningful membership criteria and active membership provisions.

Stakeholder(s)

The two appointment and governance options in the consultation paper are described as follows:

Option 1: Fully Community Elected Boards

Option 2: Part Community Elected and Part Appointed Boards

In identifying these options in this way, there is an implicit confusion between appointment processes and governance systems. Alternatively, the options could be broadly categorised as being between consumer stakeholder boards or mixed stakeholder boards – the differences here are substantial and would warrant further consideration for they reflect significant choices and differences which are not adequately included in the presentation of the two options in the consultation paper.

This difference is reflected in the comment on Option 2 of a possible disadvantage being to “create two perceived ‘classes’ of board members increasing the complexity of governance. There is a difference between “elected” and “appointed” representatives but it is what these differences represent rather than whether they are elected or appointed. A clear understanding of the options as different stakeholder models would be differently contextualised and, therefore, expressed. The stakeholders would be more than two and the categorisation would be different from their method of election – elected and appointed – to their stakeholding interest e.g. consumers, doctors, ancillary service providers and government. This would provide a different context for choice and instead of elected and appointed classes there would be interests.

The preferred option depends on the objective(s) and this could include consumer and community choice as to their preferred legal and organisational option instead of mandating a preferred model.

Interim Arrangements

It is noted on p 7 under Interim Arrangements “that some CHCs will require time to re-establish an adequate centre membership base given the reported reduction in members over the last two years.”

Crucial to this re-establishment will be the basis for membership – not only the rights but also the obligations of membership. It is not clear from this what are the current rights and obligations of membership. Nor is it stated what is regarded as an adequate centre membership base.

Conclusion

The decision to restore elected boards is a recognition of the importance of “ownership” to Community Health Centres. The recognition would be strengthened if the members of Community Health Centres also had a choice of legal and organisational structures – a choice of the ownership model.

It is also necessary to be clear about whether or not “ownership” is intended and what are the consequential rights and obligations.

The voluntarily determined structure of a Community Health Centre could determine its development and future.

On p 7 in the Summary of Issues for Consideration, there are five questions:
What is the preferred option?

If the first option is preferred, how can CHCs ensure a balance of skills and experience is represented on boards?

If the second option is preferred what should be the proportion of community elected and ministerially appointed board members given that boards can have between 7 – 9 members?

Are there any other issues or suggestions relating to governance models?

Do you agree with the proposed date for full implementation, July 2001?

There should be no preferred, government-imposed option for the governance structure and processes for Community Health Centres. Individuals and their communities should have a choice of legal and organisational structures – including the co-operative option. If the boards of Community Health Centres are to be democratically-elected by their members, then, the members should have a democratic choice of legal and organisational structure – consistent with accountability and transparency. But, then, a democratic CHC would also leave the decision as to who was elected to the board with the members and what stakeholder interests should be represented if any and not impose a criteria of skills and experiences. Indeed, these matters should be subject to the consultation process and not simply the choice and/or balance between elected and appointed representatives.

The consultation process should be broadened. Attempting to exclusively focus the consultation process on whether boards should be elected and/or appointed is problematic because of its limitations and does not serve the public policy debate and choices.

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Mission and Objectives

Mission

To develop and promote the co-operative movement as a means of satisfying the economic and social needs of people.

Objectives

Help members improve services to their members by providing information and advice.

Make representation to government on legislation and policies to facilitate the development of co-operatives.

Promote co-operatives to the public/

Facilitate and promote the formation of co-operatives.

Educate members and the community at large in co-operative principles and practices.

Facilitate co-operation between co-operatives

ICA Statement on the Co-operative Identity

Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles

The cooperative principles are guidelines by which cooperatives put their values into practice.

Ist Principle: Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2nd Principle: Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organised in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed

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as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5th Principle: Education, Training and Information

Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperation.

6th Principle: Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7th Principle: Concern for Community

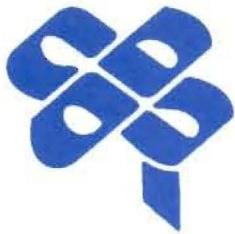
Cooperatives work for the sustainable development of their communities through policies approved by their members.

Membership As at 30 June 1999

Abalone Fisherman's Co-operative Ltd
Architeam Co-operative Ltd
Ballarat Chilcare Co-operative Ltd
Ballarat Community Education Centre Co-operative Ltd
Ballarat Taxis Co-operative Ltd
Beaumaris Motor Yacht Squadron Co-operative Ltd
Bonlac Foods Limited
Cape Volny Co-operative Society Ltd
Carlton Rental Housing Co-operative Ltd
Central Highlands Co-operative Ltd
Central Sires Co-operative Ltd
Co-operative Development Services Ltd
Co-operative Energy Ltd
Co-operative Purchasing Services Ltd
Cobden Artificial Breeders Co-operative Ltd
Colac Herd Improvement Co-operative Ltd
Commercial Egg Producers' Association Co-op Ltd
Consolidated Herd Improvement Services Co-op Ltd
Dandenong & District Aborigines Co-op Ltd
Down To Earth (Victoria) Co-operative Ltd
Emerald & District Co-operative Society Ltd
Emu Farmers Co-operative Ltd
Essendon Rental Housing Co-operative Ltd
Euroa Co-operative Society Ltd
Frankston Rental Housing Co-operative Ltd
Geelong Radio Cabs Co-operative Ltd
Genetics Australia Co-operative Society Ltd
Gippsland Tip Truck Hiring Co-operative Ltd
Green Lands Co-operative Ltd
Herd Improvement Co-operative (Maffra) Ltd
Hopetoun Community Hotel Co-op Society Ltd
Hopetoun Courier Co-operative Ltd
Keysborough Freedom Club Co-operative Ltd
Lakes Entrance Fishermen's Co-operative Ltd
Macalister Research Farm Co-operative Ltd
Macaulay Community Credit Co-operative Ltd
Mirboo North Newspaper Co-operative Ltd
Monash University Co-operative Bookshop Ltd
Moonee Creek Co-operative Ltd
Moorabbin Rental Housing Co-operative Ltd
Mt. Murrindal Co-operative Ltd

Co-operative Federation of Victoria Ltd

Murray Goulburn Co-operative Co Ltd
Muslim Community Co-operative (Australia) Ltd
New Market Co-operative Ltd
North East Victoria Forest Growers Co-operative Ltd
Northcote Rental Housing Co-operative Ltd
Northern Herd Development Co-operative Ltd
Para Park Co-operative Game Reserve Ltd
Primeat Co-operative Society Ltd
Ruach Community Co-operative Ltd
Rural Industries Co-operative Ltd
San Remo Fisherman's Co-operative Society Ltd
Skye Children's Co-operative Ltd
South Barwon Rental Housing Co-operative Ltd
South Kingsville Health Services Co-operative Ltd
Southern Energy Co-operative Ltd
St. Albans Community Centre Co-operative Ltd
Sunshine/St Albans Rental Housing Co-op Ltd
Swinburne Bookshop Co-operative Ltd
Terang & District Co-operative Society Ltd
The Western Vic Dairy Research/Demonstration Farm Co-op Ltd
Timboon Herd Improvement Co-operative Ltd
Toora & District A.B. Co-operative Ltd
Urban Camp Melb. Co-operative Ltd
Victorian Producers' Co-operative Co. Ltd
Warm Corners Co-operative Ltd
Wathaurong Aboriginal Co-operative Ltd
Waverley Trading Co-operative Ltd
West Gippsland Herd Improvement Co-op Ltd
Wholefoods Co-operative Ltd
Wombat Co-operative Ltd
YCW Co-operative Society Ltd



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23 February 2000

Ms Tracey Slatter
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Dear Ms. Slatter:

I am pleased to enclose our submission in response to the consultation paper, Restoring Elected Community Representation to Community Health Centre Boards.

The Federation would be pleased to respond to any queries concerning our submission.

In co-operation:


David Griffiths
Chairman